
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 102 (Substitute S-4 as reported by the Committee of the Whole)
Sponsor: Senator Bill Bullard, Jr.
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to redefine "eligible business" in regard to the tax exemption for new personal property; and to specify that new personal property would include property owned or leased by an eligible business.

The Act allows the governing body of an eligible local assessing district (a city, village, or township that contains an "eligible distressed area") to exempt from personal property taxes all new personal property of an "eligible business" located in an "eligible district". (In general, an "eligible distressed area" is an area in a city that has been designated as blighted; a municipality that shows a negative population change from 1970, and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.)

Currently, "eligible business" means that term as defined in the Michigan Economic Growth Authority Act, that is, a business that proposes to create qualified jobs in Michigan in manufacturing, mining, research and development, wholesale and trade, or office operations; it does not include retail establishments, professional sports stadiums, or that portion of a business used exclusively for retail sales. Under the bill, "eligible business", effective August 7, 1998, would mean a business engaged in manufacturing, mining, research and development, wholesale trade, or office operations. (The new definition would delete reference to the creation of qualified jobs.) "Eligible business" would not include retail establishments, professional sports stadiums, that portion of eligible businesses used exclusively for retail sales, or casinos, including all property associated or affiliated with the operation of a casino.

MCL 211.9f

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would allow eligible local units to exempt new personal property owned or leased by all eligible businesses located in eligible districts. Information is not available to accurately determine the fiscal impact. However, this bill would reduce local government personal property tax revenue and local school personal property tax revenue. State government revenue from the State education property tax would decline; however, due to the State's guaranteed school foundation allowance, the State also would have to reimburse the schools for their loss in personal property taxes.

Date Completed: 2-25-99

Fiscal Analyst: R. Ross